

SENATE, No. 1838

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED FEBRUARY 28, 2022

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Provides gross income tax deduction for certain home elevation expenses.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing a gross income tax deduction for certain home
2 elevation expenses and supplementing Title 54A of the New
3 Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. For taxable years beginning on or after January 1, 2020
9 but before January 1, 2023, a qualified taxpayer shall be allowed to
10 deduct from the taxpayer's gross income for the taxable year, an
11 amount equal to 25 percent of the qualified expenses paid in the
12 taxable year to a registered home elevation contractor for elevating
13 the taxpayer's primary residence.

14 b. As used in this section:

15 "Qualified expenses" means expenses paid for jacking and
16 resetting only, exclusive of costs for construction, disconnecting
17 and re-connecting utilities, building a new foundation, painting,
18 landscaping, re-attaching porches or decks and similar attendant
19 home elevation services.

20 "Qualified home elevation contractor" means a home elevation
21 contractor registered with the Division of Consumer Affairs in the
22 Department of Law and Public Safety in accordance with P.L.2014,
23 c.34 (C.56.8-138.2 et al.), and in compliance with all applicable
24 laws and regulations.

25 "Qualified taxpayer" means a resident taxpayer whose primary
26 residence in the State is located in a Special Flood Hazard Area as
27 identified on the current Flood Insurance Rate Map or Preliminary
28 Work Map issued by the Federal Emergency Management Agency
29 (FEMA), and whose primary residence before home elevation is
30 undertaken is below the base flood elevation on the current Flood
31 Insurance Rate Map or Preliminary Work Map.

32 c. A taxpayer who benefits from home elevation assistance
33 through the Flood Mitigation Assistance, Pre-Disaster Mitigation,
34 or Hazard Mitigation Grant Programs funded by FEMA, or
35 Increased Cost of Compliance coverage under the National Flood
36 Insurance Program, or the New Jersey Low-to-Moderate Income
37 Homeowners Rebuilding Program shall not be eligible to claim the
38 deduction provided by this section.

39
40 2. This act shall take effect immediately and shall be
41 retroactive to January 1, 2020.

42
43

44 STATEMENT

45

46 This bill provides a gross income tax deduction for a portion of
47 the home elevation expenses paid in the taxable year by certain

1 taxpayers who reside in areas designated by the Federal Emergency
2 Management Agency (FEMA) as special flood hazard areas.

3 This deduction, which will be available for taxable years
4 beginning on or after January 1, 2020, but before January 1, 2023,
5 will be equal to 25 percent of the expenses paid by the taxpayer for
6 jacking and resetting services provided by a qualified home
7 elevation contractor registered with the Division of Consumer
8 Affairs in the Department of Law and Public Safety. A taxpayer
9 who receives home elevation assistance under certain FEMA-
10 funded grant programs, Increased Cost of Compliance coverage, or
11 the New Jersey Low-to-Moderate Income Homeowners Rebuilding
12 Program would not be eligible to claim the deduction provided by
13 the bill.

14 Jacking and resetting alone, the “elevation” component of the
15 full home elevation service, can cost between \$12,000 and \$30,000
16 depending on the size and complexity of the home, while complete
17 full service turn-key costs for home elevation can total between
18 \$40,000 and \$150,000. The purpose of the bill is to assist taxpayers
19 who are required to obtain flood insurance, or face considerable
20 increases in the cost of their flood insurance under the National
21 Flood Insurance Plan, by allowing them to deduct a portion of the
22 costs incurred for home elevation. Homeowners who reside in
23 areas newly designated by FEMA as Special Flood Hazard Areas
24 will be required to carry flood insurance when the Flood Insurance
25 Rate Maps are in effect. By elevating their homes to or above
26 FEMA base flood elevations, they will qualify for lower flood
27 insurance premiums.